




MEMORANDUM

TO: Mayor and Council Members

FROM: Stephen Elkins, Chief Information Officer 
Communications and Technology Management

DATE: September 15, 2012

SUBJECT: Ratification: Payment to Housing Authority of the City of Austin for 1124 South I-35 CTM Riverside Building

Communications and Technology Management (CTM) leases space from the Housing Authority of the City of Austin (HACA) at 1124 South I-35 (Riverside Building). This location has served as the main campus for CTM employees since 2009. A business decision was made to relocate CTM's GIS staff from the One Texas Center (OTC) to the Riverside Building for greater functionality within the department and to accommodate the new Special Events Office. As you may recall, there was prior discussion about the creation of a Special Events Office to serve as a single source for permitting amongst multiple departments. On May 24, 2012, Council approved Resolution No. 20120524-089, which directed the City Manager to create a special events team and a "one-stop shop" for special events based on best practices from peer cities nationwide.

CTM leases the entire 3rd floor of the Riverside Building, which includes 37,857 square feet of rentable space. This space had available capacity for GIS staff, but it was not adequately configured. Twelve additional offices and 3 meeting rooms were incorporated to provide adequate workspace for approximately 50 employees moving from OTC. The relocation resulted in future annual rent savings of \$180,000. The estimated cost of construction at the Riverside Building was \$130,000. Change orders in the project included additional electrical lighting and fire suppression systems increasing the total construction cost to \$145,597.38. The funding source for this expenditure is in CTM's FY 2011-2012 Operating Budget.

On August 21, 2008, Council approved the lease agreement with HACA. This RCA authorized a five-year lease with two five-year extension options not to exceed \$10,386,067. Provisions in the lease provide for reconfiguration of space to accommodate additional staff. CTM believed that the construction was within this scope and based on the existing lease, the project was not subject to City Purchasing Guidelines. As a result, CTM moved forward with reconfiguration without requesting Council approval over the administrative authority. After further examination and discussion with the Office of Real Estate Services and Purchasing Office, it was

determined this was not the case. CTM is now seeking Council approval of a ratification for construction contract payment on the September 27th Council Agenda.

Cc: Marc A. Ott, City Manager
Anthony J. Snipes, Acting Assistant City Manager
Elaine Hart, Chief Financial Officer
Byron Johnson, Purchasing Officer